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ENERGY RISK MANAGEMENT

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ENERGY MARKET REPORT FOR NOVEMBER 4, 2009

Iran's OPEC Governor Mohammad Ali Khatibi said OPEC does not need to increase its oil production.

Total SA expects oil to trade in a range of \$60-\$80/barrel in the medium term.

Nigeria's President Umaru Yar'Adua said the country will abolish fuel subsidies despite the threat of a general strike but will not change pump prices until consultations with the unions are concluded.

Fuel subsidies cost Nigeria 640 billion naira or \$4.3 billion last year, almost 25% of the country's original 2008 budget and the government has repeatedly said they will be abolished as part of deregulation of the downstream oil sector.

The Wall Street Journal reported that the IEA will substantially cut its long term oil demand forecast in its annual energy outlook next week. It quoted a person familiar with the report as saying that efforts to better manage expanding oil demand in the developed world have been more effective than first expected. In last year's World Energy Outlook, the IEA cut its annual oil demand growth forecast until 2030 from 1.3% to 1% on the basis of higher prices and slower economic growth.

Refinery News

Marathon Oil Corp said a depropanizer was shut on Tuesday due to a power disruption at its 72,000 bpd Texas City, Texas refinery.

Chevron Phillips Chemical is shutting down an ethylene unit at its Port Arthur, Texas refinery for maintenance on Wednesday.

The 10,250 bpd Silver Eagle refinery near Salt Lake City, Utah suffered an explosion on Wednesday morning.

Market Watch

The US National Hurricane Center said Tropical Storm Ida formed in the Caribbean. It said it is headed on a course that could take it over the east coast of Nicaragua overnight. It is the ninth tropical storm of the Atlantic season.

US House Financial Services Chairman Barney Frank said he may tighten his over the counter derivatives bill to prevent companies from finding ways to avoid the clearing and trading rules. In addition, Frank said he is planning to change the proposal so the burden is on federal securities and commodities regulators and not on clearinghouses to decide which swaps can be cleared.

Singapore Exchange will launch its fuel oil futures contract in January 2010. The contract, for the 380-centistoke grade or bunker fuel, with a size of 100 metric tons each, will be traded on a free on board basis.

**November
Calendar Averages**

CL – 79.38
HO – 206.98
RB – 200.11

Chevron's, Holly's and Flying J's Utah refineries are restarting following a brief power outage.

Suncor Energy Inc has restarted a processing unit at its oil sands plant after repairing damage caused by a minor fire last month. Suncor still expects to meet its full year target of producing 300,000 bpd from northern Alberta

operation despite the outage.

Japan's Cosmo Oil Co Ltd will idle the 85,000 bpd No. 6 crude distillation unit at its Yokkaichi refinery until January or afterwards due to slow demand. Cosmo Oil cut its crude oil processing volumes for October-December by 7.8% on the year to 6.201 million kiloliters or 423,946 bpd.

India's Oil Secretary R.S. Pandey said the country's crude output in the year to March 2010 is likely to increase 11% to 36.71 million tons or about 734,000 bpd. He said Cairn India's field in Rajasthan and Reliance Industries' oilfield in the Krishna-Godavari Basin would help increase production. He said rising crude oil costs have raised India's subsidy burden but the government has not taken any decision to revise state-set fuel prices.

Production News

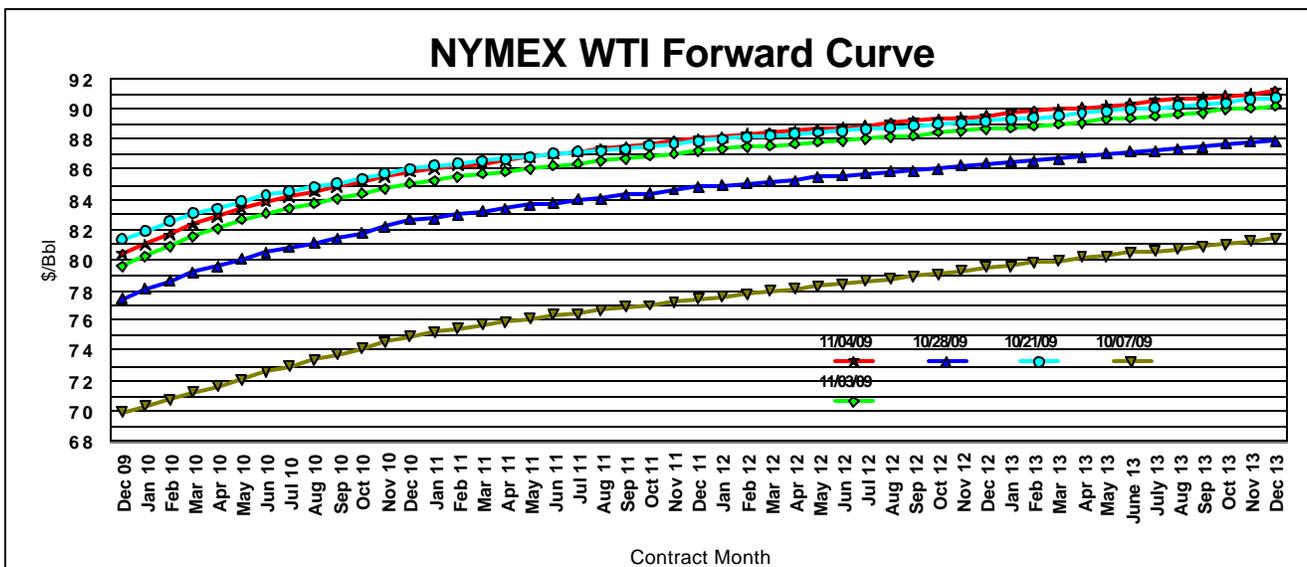
Iraq is expected to award its West Qurna-1 oilfield in southern Iraq to a consortium comprising ExxonMobil Corp and Royal Dutch Shell Plc. The oilfield has estimated proven reserves of 8.6 billion barrels.

Iraq's crude oil exports in October fell by 4% on the month to 1.88 million bpd in October.

Mexico's port of Coatzacoalcos remained shut on Wednesday morning due to bad weather. The port was shut Tuesday afternoon. Coatzacoalcos, along with the port of Dos Bocas, was also closed over the weekend due to bad weather.

Chevron has started the third stage of testing an improved oil recovery technique in the neutral zone between Saudi Arabia and Kuwait. It has been testing the impact of steam flooding in the Wafra oilfield to help increase output of heavy oil.

Nigeria's Oando Plc plans to produce up to 15,000 bpd of oil in the second quarter of next year. It plans to increase its production further to 100,000 bpd by 2013.



Royal Dutch Shell is considering a second phase of expansion at its gas and oil project in Nigeria that would see a total of 3.4 trillion cubic feet of gas extracted. It hopes the project will produce 1 bcf/d of gas and more than 70,000 bpd of oil once completed in 2010 or 2011.

Statoil ASA will release its 2010 production guidance on February 11, 2010. It reiterated its full year 2009 production target of 1.95 million bpd of oil equivalent.

German energy use in 2009 may fall by just over 6% on the year. Germany's January to September demand totaled 331.7 million coal equivalent units.

India's Reliance Industries imported 1.279 million bpd in September, up 55,000 bpd or 4.5% on the month.

Azerbaijan's Socar will increase the proportion of Azeri Light crude exports under term contracts to 80-85% of its total shipments to Asia in 2010, which will remain at 5-6 million barrels a month.

OPEC's news agency reported that OPEC's basket of crudes increased to \$75.53/barrel on Tuesday from \$74.97/barrel on Monday.

Market Commentary

An unexpected drop in crude oil inventories and supportive statements by the Federal Reserve expressing economic optimism sent the price of crude oil above \$81.00 a barrel. Imports fell along with inventories, as refiners appear to be unwilling to have excess supply on hand. Despite the drop in crude oil inventories, demand for products remains low. Today's run-up in prices was based on supply rather than demand. This helped to keep a lid on prices. Investors will continue to trade this market based upon economic news, while the true underlying fundamentals will quell moves higher. Forecasts for colder weather through the weekend supported heating oil prices on the cash market as well as the futures markets. Heating oil prices have risen 23 cents since the onset of the U.S. heating oil season, pulled higher by the recent rise in crude oil. The price of crude oil makes up for 60 percent of the price of heating oil. The price of crude oil has also impacted the cost of gasoline, which also hit a yearly high this week. Energy prices should continue to be economically sensitive as investors jump in and out of the market. Our range for crude oil, \$75.00-\$85.00, still stands, barring a major shift in market fundamentals.

Crude DEC.09 310,220 -4,034 JAN.10 169,362 +2,576 FEB.10 66,512 -3,605 MAR.10 56,524 -422
APR.10 21,727 +615 Totals: 1,195,361 +886. Heating DEC.09 90,197 -972 Jan.10 56,151 -665
FEB.10 30,367 +833 MAR.10 21,485 +181 Totals: 316,405 +911 Gasoline DEC.09 98,556 -1,283
JAN.10 58,052 +2,624 FEB.10 22,294 +232 MAR.10 22,294 +232 Totals: 251,074 +5,723.

Crude Support	Crude Resistance
76.24, 75.52, 73.52, 71.52, 64.70, 63.38, 62.70, 61.61, 60.95	84.83, 85.40, 86.60, 88.80
Heat Support	Heat resistance
1.9700, 1.8570, 1.7670	2.2110, 2.2575, 2.4200
Gasoline support	Gasoline resistance
1.9210, 1.9065, 1.8840, 1.8480, 1.7900	2.1100, 2.1600, 2.3350

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